FIGURE 1

SCHEMATIC FLOWCHART OF :
OPEN END MUTUAL FUND INDEX COMPUTER PROGRAM

GENERAL DATA PROCESSING COMPUTER SYSTEM: MEMORY STORAGE CONTAINS MASTER DATABASE OF OPEN END MUTUAL FUND STATISTICS PREFERRED SPECIFICATION OF COMPUTER: CDROM DRIVE, MONITOR HARD DRIVE CONTAINING 420 MEGABYTES 8 MEGABYTES RAM, 486 CPU — FIGURE 1A

ELIMINATE THOSE FUNDS IN MASTER DATABASE WHERE FUNDS ARE MARKED "NOT AVAILABLE FOR PURCHASE". PUT REMAINING FUNDS IN NEW DATABASE: **"DATABASE #1"** — FIGURE 1B

ELIMINATE ALL FUNDS IN DATABASE #1 WHERE ASSET SIZE IS NOT EQUAL TO "USER DEFINED" STORING REMAINING FUNDS IN NEW DATABASE: **"DATABASE #2"** — FIGURE 1C

SEARCH DATABASE "DATABASE #2" FOR THOSE FUNDS WHERE CATEGORY OF INVESTMENT STYLE ="USER DEFINED" AND PLACE IN NEW DATABASE: **"DATABASE #3"** — FIGURE 1D

FIGURE 1F

SEARCH DATABASE#3 AND SELECT FUNDS WHERE RISK OVER TIME (T) < AVERAGE OF ALL FUNDS IN DATABASE#3 WHERE TIME(T) = "USER DEFINED" AND RISK = "USER DEFINED". STORE SELECTED FUNDS IN NEW DATABASE NAMED: **DATABASE #5**

FIGURE 1F

SEARCH DATABASE #3; SELECT THOSE FUNDS WHERE RETURN OVER TIME (T) > AVERAGE OF ALL FUNDS IN DATABASE #3 WHERE TIME (T) = "USER DEFINED" AND STORE IN NEW DATABASE NAMED: **"DATABASE #4"**

Figure 1 continued

COMBINE DATABASE "4" AND DATABASE "5" INTO NEW DATABASE NAMED: "INDEX" — FIGURE 1G

CREATE CONSTANT "NUMBER"; "NUMBER"= **"USER DEFINED" TOTAL NUMBER OF OPEN END MUTUAL FUNDS TO BE INCLUDED WITHIN THE DATABASE "INDEX"** — FIGURE 1H

CREATE CONSTANT NAMED"CALCULATION" WHERE "CALCULATION" = "USER DEFINED" CHOICE OF <EQUALLY PRICE WEIGHTED>, <CAPITALIZATION WEIGHTED>, <GEOMETRICALLY WEIGHTED>, OR <CUSTOM WEIGHTED> — FIGURE 1I

CREATE FORMULA: "OPTIMAL RISK/RETURN (T)" WHERE "OPTIMAL RISK/RETURN (T)" = "TOTAL RISK/RETURN(T)"-"TOTAL RISK/RETURN (T-1)" IF "TOTAL RISK/RETURN(T)" < "TOTAL RISK/RETURN T-1" THEN REPEAT UNTIL "TOTAL RISK/RETURN" YIELDS A GROUP OF FUNDS WHERE NUMBER = "NUMBER"AND NO OTHER COMBINATION OF FUNDS YIELDS A LOWER RISK/RETURN RATIO OVER TIME (T) AND NAME "FINAL INDEX" — FIGURE 1J

CREATE FORMULA "TOTAL RISK/RETURN" WHERE "TOTAL RISK RETURN" = SUM (TOTAL RISK FOR ALL FUNDS IN INDEX/TOTAL RETURN FOR ALL FUNDS IN INDEX)" FOR TIME PERIOD (T) — FIGURE 1K

PRINT OUT A CHART OF "FINAL INDEX" FOR TIME (T). RETURN TO FIGURE 1A TO REPEAT — FIGURE 1L

08/542431

13

FIGURE 2

PROCESS FOR INTRA-DAY TRADING OF SECURITIZED
OPEN END MUTUAL FUND,
INDEX AND LINKED DERIVATIVE SECURITIES